



GPA's solicitation for bids for the Bulk Storage Fuel Tanks Inspection and Refurbishment.<sup>5</sup> On December 2, 2019, GPA issued GPA-IFB-028-19 (Bulk Storage Fuel Tanks Inspection and Refurbishment) [IFB] and awarded the contract to Tristar Agility, who submitted the sole bid for the amount of \$8,969,510 in response to the solicitation, and on August 29, 2019, the PUC approved the contract.<sup>6</sup> GPA represented that after the refurbishment of the bulk storage fuel tanks, GPA would use them to store ULSD Fuel to supply Piti Power Plant 7, 8, and 9, and GPA's 180 MW Ukudu power plant.<sup>7</sup>

5. During the refurbishment of GPA's bulk fuel storage tanks, GPA executed four change orders which increased the total contract price to \$12,006,168.<sup>8</sup> On May 26, 2022, in GPA Docket 22-11, the PUC approved Change Order 4 for the amount of \$3,140,489.35 for correcting defects on Tank 1935 which increased the total contract price to \$15,146,657.35.<sup>9</sup>
6. On December 19, 2022, the PUC approved an extension of the lease for Tanks 1906 and 1907 for an additional two years expiring on June 30, 2024, at a cost of \$1,666,000 for Tank 1906 and 1,176,000 for Tank 1907 for a total cost of \$2,842,000.<sup>10</sup>
7. On February 29, 2024, the PUC approved an extension of the lease for Tank 1906 and 1907 to June 30, 2026, at a cost of \$2,450,000 for Tank 1906 and \$2,532,000 for Tank 1907 for a total cost of \$4,802,000.<sup>11</sup>
8. On January 1, 2025, GPA terminated its lease for Tank 1906 because the work on Tank 1935 was completed, and Tank 1935 now holds and supplies ULSD Fuel to GPA's 180 MW Ukudu power plant.<sup>12</sup>
9. On December 22, 2025, the PUC approved a sixth change order for additional repairs and lead-based paint abatement on Tank 1934 for \$4,147,691.85 which increased the total contract cost to \$19,294,349.76 and Tank 1934 is expected to be completed by

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<sup>5</sup> PUC Order dated May 26, 2022, GPA Docket No. 22-11 at 5.

<sup>6</sup> Id., at 4.

<sup>7</sup> PUC Order dated August 29, 2019, GPA Docket No. 19-01 at 1-2.

<sup>8</sup> PUC Order dated December 22, 2025, GPA Docket No. 25-21 at 2.

<sup>9</sup> Id.

<sup>10</sup> PUC Order dated December 19, 2022. GPA Docket No. 23-05 at 5.

<sup>11</sup> Id., at 5.

<sup>12</sup> Id., and GPA Petition at 4.

August, 2026.<sup>13</sup>

10. On April 17, 2026, the Guam Consolidated Commission on Utilities [CCU] issued GPA Resolution No. FY2026-16 which authorized GPA's General Manager to enter Amendment No. 5 which extends the lease of Tank 1907 from Tristar for a five-year term at a cost of \$7,575,277.80 subject to the PUC's approval.<sup>14</sup>

### ANALYSIS

11. GPA must obtain the PUC's approval to expend on additional \$7,575,277.80 on Amendment No. 5. The PUC only authorized GPA to extend the contract to June 30, 2026.<sup>15</sup> Hence, GPA must obtain the PUC's approval to extend the lease of Tank 1907 past that date
12. The \$7,575,277.80 cost of Amendment No. 5 is not reasonable. Amendment No. 5 will cost GPA \$1,515,055.56 each year for its five-year term ( $\$7,575,277.80 / 5\text{-year term} = \$1,515,055.56$ ). The prior two-year extension from 2024 to 2026 for Tank 1907 cost GPA \$1,266,000 per year ( $\$2,532,000 / 2\text{-year term} = \$1,266,000$  per year) and Amendment No. 5's \$1,515,055.56 annual cost is \$249,055.56 or 16% more than the annual cost of the last lease extension. The current U.S. inflation rate is 3.26% and Amendment No. 5's \$1,515,055.56 annual cost exceeds the inflation rate by 12.74%. It appears that the reason for this increase is that only Tristar can provide bulk ULSD storage in Guam and it has no competitors for this service. Therefore, the \$7,575,277.80 cost of Amendment No. 5 is not reasonable.
13. Increasing LEAC costs to pay for the \$7,575,277.80 cost of Amendment No. 5 is not prudent. GPA's justification for the two-year extension of the Tristar ULSD lease to June 30, 2026 and its \$2,532,000 cost for Tank 1907 was that it needed that tank to provide storage for an uninterrupted supply of ULSD to GPA's Tenjo Visa, Piti 7, 8, and 9 power plants.<sup>16</sup> Here, GPA alleges that it requires an additional five-year lease of Tank 1907 to purchase and store fuel when prices are lower as a hedge for future higher oil prices, and to have ULSD oil reserves of 5.2 months.<sup>17</sup> However,

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<sup>13</sup> PUC Order dated December 22, 2025, GPA Docket No. 25-21 at 5.

<sup>14</sup> GPA Petition at 5.

<sup>15</sup> PUC Order dated December 22, 2025, GPA Docket No. 25-21 at 2 and 6.

<sup>16</sup> PUC Order dated February 29, 2024. GPA Docket No. 24-13 at 3.

<sup>17</sup> GPA Petition at 2-3.

GPA's justifications for the additional \$4,147,691.85 for additional repairs and lead-based paint abatement on Tank 1934 included bringing that tank back into service would permit GPA to purchase ULSD when prices are low and store it for future use when prices are high, having Tanks 1934 and 1935 back in service would give GPA a six to nine month ULSD fuel reserve, and having both those tanks back in service would position GPA to: "terminate [the] existing lease for the bulk storage fuel tank that makes up for the absence of Tank 1934's capacity."<sup>18</sup> Hence, prudence requires GPA to avoid \$7,575,277.80 cost of Amendment No. 5 by completing the remaining work on Tank 1934 prior to the expiration of the Tank 1907 Lease on June 30, 2026. Accordingly, increasing LEAC costs to pay for the \$7,575,277.80 cost of Amendment No. 5 is not prudent.

14. Increasing LEAC costs to pay for the \$7,575,277.80 cost of Amendment No. 5 is not necessary. Tank 1934 and Tank 1935 negate the need to continue GPA's lease of Tank 1907 from Tristar.
15. Based on the foregoing, increasing LEAC costs to pay for the \$7,575,277.80 cost of Amendment No. 5 is not reasonable, prudent, or necessary.

### RECOMMENDATION

16. Counsel recommends that the PUC deny GPA's request to approve Amendment No. 5 and its \$7,575,277.80 cost. However, due to a potential gap caused by the expiration of the lease for Tank 1907 on June 30, 2026, and the potential completion of the remaining work on Tank 1934 in August, 2026, an extension of the lease to August 31, 2026 is justified to ensure that the work on Tank 1934 is completed prior to the expiration of the lease on Tank 1907. GPA states that the monthly rate for Amendment No. 5 is \$126,254.63.<sup>19</sup> The PUC should authorize GPA to expend that amount each month for the extension to August 31, 2026, for a total extension cost of \$252,509.26 (\$126,254.63 per month x 2 months = \$252,509.26).
17. A Proposed Order is submitted herewith for the consideration of the

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<sup>18</sup> GPA Petition, GPA Docket No. 25-21 at 2-3.

<sup>19</sup> GPA Petition at 2.

PUC Counsel Report  
Petition of the GPA To Extend  
the Term of ULSD Storage Lease  
Agreement with Tristar Terminal  
Guam, Inc.  
GPA Docket 26-11  
May 6, 2026

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Commissioners.

Dated this 6<sup>th</sup> day of May, 2026.

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